



**BISNIS in conjunction with U.S. Commercial Service's
Nashville Export Assistance Center and the Tennessee Small Business
Development Center present:**

**“Business Opportunities in the Russian Far East, Central Asia and
the Caucasus”**

**Nashville Chamber of Commerce, 211 Commerce Street, Ste 100, Nashville, TN 37221
May 6, 2005**

10:00–11:30AM presentation; 11:30–1:00PM one-on-one meetings

Come learn why this area has attracted so much foreign direct investment and a growing expatriate population!

On Friday, May 6th, USCS Nashville, the Nashville Chamber and the Tennessee Small Business Development Center, will host 3 Foreign National Trade Specialists from U.S. Commercial Service Offices in Kazakhstan, Azerbaijan and the Russian Far East. The Specialists will present an overview of the business climate in their respective countries, emphasizing Environmental, Health Care, and Tourism Infrastructure related opportunities for middle Tennessee companies in those markets. The event will run from approximately 10:00 –11:30 a.m. on the morning of the 6th. One on-one appointments will be available after the event for companies interested in discussing specific opportunities in those countries. John Butler, the International Business Manager for the Nashville Chamber will be sending out additional information shortly on this exciting opportunity for Middle Tennessee companies. **This event is free of charge, but pre-registration is required.**

HIGHLIGHTS

- How U.S. companies in a multitude of industry sectors can capitalize on opportunities arising from oil and gas development projects and how to find a local partner for these activities. BISNIS representatives will bring concrete proposals from local companies seeking U.S. companies to collaborate in competing for subcontracts.
- Opportunities in leading sectors
- Key considerations for doing business in the region—challenges and prospects.

To register, please contact Bradley Harker, Commercial Officer, Nashville Export Assistance Center, U.S. Department of Commerce, by e-mail Bradley.Harker@mail.doc.gov or by phone 615-259-6062 or fax 615-259-6064 with the following information: name, affiliation, title, address, telephone number, fax, e-mail, industry interests, and request for one-on-one meetings. For more information on the U.S. Commercial Service, visit <http://www.usatrade.gov>

BISNIS is the U.S. government's primary resource center for U.S. companies exploring business opportunities in Russia and other Eurasian countries. BISNIS provides U.S. companies with the latest market reports and tips on developments,



referrals, export and investment leads, and strategies for doing business in Eurasia. Since 1992, BISNIS has facilitated more than \$4.5 billion worth of U.S. exports and overseas investments. For more information on the RFE, Central Asia, Caucasus outreach, see <http://bisnis.doc.gov>

SPEAKER PROFILES

Sakhalin: Elena Sabirova joined BISNIS in 1997, while working concurrently for the American Business Center in Yuzhno-Sakhalinsk. Ms. Sabirova is a very familiar face to the oil and gas industry on Sakhalin Island and has worked directly for a number of the local executives of major oil companies including ExxonMobil and BP. Many interested in breaking into the Sakhalin market come to know Ms. Sabirova through her extensive reporting on the industry reflected in her reports on the BISNIS website. This is the only publicly available cache of relevant and accurate reports on this market, which receives 25% of the direct foreign investment to Russia. Through years of experience working with local and foreign companies, Elena has developed valuable expertise on Sakhalin Island's business community and on the multibillion-dollar Sakhalin oil and gas development projects. Ms. Sabirova is a graduate of the Yuzhno-Sakhalinsk Teacher's Training Institute with a specialty in the English language and management.

Kazakhstan: Svetlana Voronina was appointed as the BISNIS representative for Kazakhstan in December 2003. Ms. Voronina provides BISNIS with export and partner leads of Kazakhstani companies and writes regional overviews, commercial news updates, and industry reports on promising developments in the republic.

Ms. Voronina is a graduate of the Kazakh Pedagogical Institute (now known as the Eurasian University in Astana) and the Financial School of Astana. Ms. Voronina has extensive experience working with international organizations (TACIS, USAID) on development programs in Kazakhstan, including 4 years of activity as a consultant on Kazakhstan's accession to the WTO. Over the past 3 years before joining BISNIS, Ms. Voronina worked for the Pragma Corporation as a consultant on business development and removal of investment constraints in Kazakhstan. Ms. Voronina has written a number of articles on customs regulatory procedures, franchise industry trends, financial sector overview in Kazakhstan, as well as other industrial and legal profiles of the region. Mr. Voronina is located in Astana, the capital of Kazakhstan, and maintains contacts with the local and national government, ministries and agencies as well as business community and NGOs in the country.

Azerbaijan: Bakhtiyar Mamedov has been BISNIS/U.S. Commercial Service representative in Baku, Azerbaijan since January 2002. His responsibilities include - generating market intelligence reports, business leads, and providing client tailored in-country assistance to US companies that are both established or new to market.

Mr. Mamedov's specific industry responsibilities and expertise are in Oil and Gas/Energy, Transportation, Construction and Finance. He is closely following and reporting on the Oil & Gas infrastructure projects and developments in Azerbaijan and is fully utilizing his American education in the service of US commercial interests. Mr. Mamedov earned his BA in International Law from Higher Diplomatic College, (HDC), Baku, 1997, where he served as President of the Student Body, and received the University President's Award for Excellent Diplomatic Skills. Subsequently Mr. Mamedov was awarded a scholarship at Southeastern Louisiana University, (SLU) where he studied business and received his MBA in May of 2000. While at SLU Bakhtiyar developed marketing plans for Louisiana businesses and has seen his ideas adopted and utilized.

Washington, DC: Chang Suh has worked as an International Trade Specialist at BISNIS in Washington, DC, since December 2003. He currently serves as country manager for Azerbaijan and covers the energy, technology, electronics and chemicals sectors for all of Eurasia. He previously served at the US Embassy in Moscow as a Public Affairs Officer. Mr. Suh holds an MPP in Public Policy from Harvard University in Cambridge, MA and an MA in Russian language and literature from Columbia University in New York, NY.



COUNTRY PROFILES

Kazakhstan is the largest country in Central Asia in terms of size with a population of approximately 15 million. In 1997 the capital was moved from Almaty to Astana (formerly Akmola). However, Almaty with its population of about 1.5 million continues to serve as the commercial center of Kazakhstan and a major transportation hub in Central Asia. Approximately 53% of the population is Kazakh and approximately 32% is Russian.

In 2003, Kazakhstan's economy continued its robust growth, fueled by increased production of oil, metals, and grain. Kazakhstan's GDP grew by 9.2% in 2003 and growth for 2004 is expected to be 7%. The major investment projects being carried out in the country are focused on the oil and gas sector—in particular, development of the fields at Tengiz, Karachaganak and Kashagan. Production of natural gas increased by 25% from the previous year to 7.539 billion cubic meters, including commercial production of 7.2 billion cubic meters. Kazakhstan plans to build petrochemical facility for recycling associated gas near Kashagan to supply the Kazakh petrochemical industry. The government also plans to construct a gas refinery to manufacture ethane, ethylene, and propylene near Atyrau. Agriculture accounts for about 10% of Kazakhstan's economic production. Major crops are wheat, barley, cotton and rice. Wheat exports are a major source of hard currency and rank among the leading commodities in Kazakhstan's export trade, totaling USD 300-400 million per year. The government recently passed the Industrial and Innovation Strategy for 2003-2015 to diversify the country's economic base away from the oil and gas sector. This strategy calls for targeted funding of other promising economic sectors (telecommunication, bio-technologies, IT) to reduce the country's dependence on raw materials for its economic development.

The Russian Federation (144.8 million people) economy is increasingly producing good news: strong GDP growth, burgeoning foreign exchange reserves and trade surpluses. Inflation is moderate by earlier standards, the currency is stable, reform of the tax code is well advanced and beginning to show early positive results, and the regulatory framework is improving. By mid 2001 Russia showed strong signs of continuing its economic growth for the third consecutive year. GDP for 2000 was around USD 251 billion, and official estimates cite GDP growth of 3-4 percent for 2001. What is known is that the pent-up demand for a wide range of capital equipment is enormous. Should Russia's economic growth continue - and the scenarios under which it will continue grow more numerous - then at some point, major purchase contracts will be signed.

Sakhalin Island in the Russian Far East The largest foreign investment projects in Russia today are actually taking place not in Moscow, but on Sakhalin Island at the far eastern end of the country. Seven oil and gas development projects, and related pipelines and infrastructure, are being planned to take advantage of the enormous subsoil hydrocarbon resources off Sakhalin in the Sea of Okhotsk. (Information on the consortia developing the projects and projected investment is available at <http://bisnis.doc.gov/bisnis/isa/020702projectchart.htm>) Numerous opportunities for subcontracting of goods and services in a large variety of sectors will be available due to the two commercial projects, and U.S. companies should start to think of how to position themselves. More information on The Russian Far East is available at: <http://www.bisnis.doc.gov/bisnis/country/fareast.cfm>

Azerbaijan (8.11 million people) Azerbaijan's macroeconomic situation continued to improve in 2004 as a result of responsible fiscal and monetary management and favorable global economic trends. In 2004, GDP growth was 10.2%, led mainly by developments in the oil and gas sector. With the expected completion of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline, which will bring oil from the mammoth offshore Azeri-Chirag-Guneshli (ACG) field to world markets, and the resulting increase in oil exports, GDP growth is forecasted to be as high as 14% in 2005. Industry experts suggest that Caspian reserves as a whole may approach those of the North Sea, with virtually every major international oil company staking its interest in Azerbaijan. To develop this potential, the Azeri government has put in place over twenty Production Sharing Agreements (PSAs) with international oil consortia. These PSAs have provided a solid foundation for foreign investment in oil and gas-related sectors of the economy, and mean big business for U.S. suppliers. Ceremonies marking the first oil into BTC are scheduled for May 2005. In November 2004, Fitch IBCA upgraded Azerbaijan's long-term foreign currency rating from a BB- to BB with a stable outlook, reflecting macroeconomic stability, low government debt, and development in the oil and gas sector. The national currency, the manat, remained stable against the dollar (4,837 manat per US dollar). Gross reserves totaled approximately USD 876 million as of December 2004, in addition to nearly USD 970 million in the country's State Oil Fund. U.S. Trade Balance with Azerbaijan in 2004 was USD 120.7 million. More information is available on Azerbaijan at: <http://www.bisnis.doc.gov/bisnis/country/azerbaijan.cfm>



Leading sectors for U.S. exports include: Principal U.S. Exports, 2000 (USD 210 million): Commercial aircraft and parts led U.S. exports to Azerbaijan in 2000, jumping to USD 68 million and accounting for 45 percent of total sales. Aircraft sales were followed by shipments of oil and gas machinery (USD 32.4 million), tobacco products (USD 15.2 million), electrical equipment (USD 2.6 million), and surveying instruments (USD 2.4 million). As a result of this export growth, in 2000 Azerbaijan surpassed both Uzbekistan and Kazakhstan to become the third largest market for U.S. exporters, after Russia and Ukraine, among countries formerly part of the Soviet Union. Within the Caucasus region, Azerbaijan's economy is perhaps the best poised for trade growth in 2005 and beyond.

Best U.S. Export Prospects: Best prospects for U.S. products and services in 2005 include oil/gas field machinery and services; architectural, and construction, engineering services; building materials; telecommunications equipment and services; food processing/packaging equipment; and agricultural machinery. Imported consumer goods have become increasingly available, although less expensive Eastern European (Russian, Turkish) goods predominate. A number of supermarkets have appeared on the scene introducing local consumers to western-style retailing.